opinion, made ample provision consistent with their financial position for those Departments ministering to the moral and material welfare of the people, while negativing as far as possible the proposal for grants in other directions which could be dispensed with or postponed. A new feature of the budget for the coming year is the opening of a fresh major head of expenditure 'Up-lift of the Depressed Classes.' This is but the necessary corollary to the appointment of a Protector of the Depressed classes. Many items of expenditure specially incurred for their up-lift which used to be spent from several Departments have now been transferred to the new major head on statistical considerations, so that the Government and the people at large may have a definite idea of the actual amount spent year after year for the special benefit of these classes. More of this at the proper place.

I shall now proceed briefly to describe the proposals for the expenditure in 1104 and the more important variations as compared with the present year. It is hardly possible for me, with the time at my disposal, to dwell on all the items in detail I have, therefore, no option but to leave the Members of the Council to make themselves acquainted with the items of lesser importance which are all set out in the Financial statements before them.

Land Revenue.—Only the usual provisions are made in the Land Revenue Department, and the items that call for any special comment are the provisions for opening 'a Survey School' and 'Training in Pisciculture.' Government are in need of hands trained in Survey to take the place of those who are being retired in the usual course. On the last occasion I observed that the Government are carefully considering the question of the development of the fishing industry. An Expert Committee is now investigating the question in Madras and their conclusions in the matter may be of immense help to us. Meanwhile Government propose to send some suitable candidates for training in pisciculture for which a provision of Rs. 5,000 has been made.

Agriculture and Panchayats.—The budget estimate for the coming year is fixed at Rs. 3,16,200 as against the revised estimate of Rs. 3,14,100, i. e., at more or less the same level. Much discussion has passed in this House as regards the undesirability of clubbing 'Agriculture' with 'Panchayats' and suggesting their early separation. The Special Finance Committee too characterise the same as a mistaken step and recommend that, 'in view of the large number of Panchayats that there are in the State and of the important part that under proper supervision they may be made to play in promoting the welfare

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and prosperity of the people, we deem it essentially necessary to place them under a full-time officer designated 'Registrar of Panchayats'. The question is engaging the earnest consideration of the Government.

Coming to 'Agriculture' proper, I have to state that the Special Finance Committee have offered a few pertinent criticisms about the working of the Department, which have a great bearing on the budgets usually presented. They are of opinion that the aims of the Department are experiment and demonstration; and that 'demonstration on a large scale in one centre of the State cannot be expected to break through the hide-bound conservatism of our poverty-stricken ryots.' In their view 'what appears to be necessary is to open small demonstration farms in different centres in rotation in each Taluk, so that the benefits of improved methods of cultivation may be demonstrated at the very gates of the ryots.' The Central Farm was opened in 1092, and a large amount has been spent on its improvement ever since. The question of making it more useful to the ryots and the other suggestions of the Committee are being examined.

As regards Panchayats, the Diwan, in the concluding chapter on the Administration of the State for 1100, observed: 'The powers and duties entrusted to the Panchayats are to a certain extent limited, and it is, therefore, deemed desirable to enlarge their sphere of activity by suitably amending the Regulation. The question is primarily one of finance, and the matter is engaging the attention of the Government'. In presenting the budget statements for the last two years, I think I have sufficiently explained the necessity for the levy of a Panchayat cess. There has, however, been no distinct expression of opinion on the question. What the Special Finance Committee have to state in this connection is contained in paras 55 and 181 of their Report. They say, 'The expenditure on Panchayats has been subject to marked fluctuations. We think it desirable to stabilise it by fixing the amount of grant for a period of 5 or 10 years. We would fix the contribution at Rs. 1½ lakhs per annum. The expenditure should on no account be allowed to exceed it during the specified period, but if in any year there is a surplus, the Department should be allowed to fund it for future use'. I have my own doubts whether even this will be sufficient to meet the growing demands of Panchayats, especially when, with enlarged powers, spheres of influence and work will likewise be expanded. For this the Committee go on to observe 'when the introduction of free and compulsory education is decided upon, and when with the expansion of their work the Panchayats find the Government contribution insufficient for their purposes, it

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will become necessary to levy local cesses of some kind or other. Till then there is in our opinion no justification for such a levy .....Whenever the levy of a local cess is decided upon, it may be confined to those land-holders who pay assessments above a prescribed minimum, to owners of houses whose rental is above a specified limit, to traders, vakils, physicians, artisans, etc., whose income exceeds a specified minimum'. The question of the enlargement of the powers and activities of Panchayats is already under consideration ; the question of rural reconstruction has to be seriously taken up as early as possible. As regards the latter, here is an extract from the Report of the Indian Taxation Enquiry Committee 1924—25.

'We are of opinion that the foundation of any stable edifice which shall associate the people with administration must be the village, as being an area of greater antiquity than administrative creations such as tahsils and one in which the people are known to one another and have interests which converge on definite and well-recognised objects like water supply and drainage. It is probable indeed that the scant effort hitherto made to introduce a system of rural self-government is largely due to the fact that we have not built up from the bottom'.

The general tendency of the Acts passed in British India is to increase the taxation powers of local bodies and relieve them of official influence and control. The Panchayats have likewise been given certain limited powers of taxation and have been entrusted with certain specific duties connected with village affairs. There has been noticed one important group of them in Bengal, Bihar and Orissa, where the line of development has been to take over again the old functions of village police and to develop the Chowkidari tax into a tax for general and local purposes. In Madras a far wider discretion in the matter of taxation and of functions has been given, and though the Panchayats are not yet very numerous, the scope of their activities is already remarkable as in the matter of taxation. They are competent to levy (1) a house tax (2) taxes on professions based on (a) class of business as money lenders, tanners, traders, renters of toddy shops, etc., (b) the income of the individual, (c) fees for the occupation of cattle-stands, cart-stands, markets, slaughter houses, chatrams, etc., (d) license fees on tea houses, (e) a tax on land on an acreage basis for specific purposes such as cleaning channels etc., etc. It may thus be seen that land as such is not directly taxed, and if at all it exists it is only for purposes of improving irrigation and drainage.

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The recent Report of the Royal Agricultural Commission in India lays great stress on rural reconstruction and development. The Committee have made it sufficiently clear that this could not be achieved by the contributions at present made from the Provincial Revenues to the local bodies. What they say of British India in this matter is true of our State.

We have, therefore, to proceed cautiously in the matter, and all aspects of the question would be considered when this portion of the report of the Special Finance Committee is taken up. Meanwhile a provision of Rs. 1,84,664 is made in the present budget.

Co-operative Societies.—The executive staff of the Department, which was quite under-manned and to which I referred in detail last year, was strengthened during the course of the year by the full complement of the Inspectorate recommended since by the Special Finance Committee. Provision for all of them has been made under 'Temporary Establishment' for next year. With the strengthened staff I hope that the Department will spread itself all throughout the State shedding its beneficence on our indebted rural population and doing all that Co-operation stands for.

Forests and Tramway.—I now come to a subject which has ever been in the forefront of the budget discussions in the Legislative Council and which has been the bug-bear to successive administrations— I mean the Forests and Tramway. Government have carefully perused the report of the Special Finance Committee with its notes of dissent, and more or less in the light of the recommendations therein practically ordered the discontinuance of the Tramway from the end of 1103. In issuing these orders Government had thought that it would be possible to bring down all valuable timber during the course of 1103. A close perusal of the recommendations of the Special Finance Committee would show that they were not for leaving to decay the valuable timber that could be felled and transported with the help of the Tramway. They only suggested that it should be possible to complete the work of extraction and transport before the close of Makaram 1103. I had then made it clear that the suggestion was not feasible. I shall repeat what I then remarked. 'Government are, however, assured that in the present condition of the Tramway it will not be possible to bring down the timber in so short a period as recommended by the Committee. But if the work is pushed through, which the Government are insisting, it may be possible to bring down the timber *perhaps* in 1103 itself. Please note the word *perhaps*. Even then Government had their own misgivings whether the

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